

**ABBEVILLE HARBOR  
AND  
TERMINAL DISTRICT**  
Abbeville, Louisiana

**Financial Report**

**Years Ended December 31, 2011 and 2010**

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## INDEPENDENT AUDITOR'S REPORT

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We have audited the accompanying financial statements of the business-type activities of the Abbeville Harbor and Terminal District as of and for the years ended December 31, 2011 and 2010, which comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Abbeville Harbor and Terminal District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Abbeville Harbor and Terminal District, as of December 31, 2011 and 2010, and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance with *Government Auditing Standards*, we have also issued a report dated June 15, 2012 on our consideration of the Abbeville Harbor and Terminal District's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 3 through 6 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

*Dannall, Sikes, Gaudes & Frederick*

A Corporation of Certified Public Accountants

Abbeville, Louisiana

June 15, 2012

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

As management of the Abbeville Harbor and Terminal District (District), we offer readers this narrative overview and analysis of the financial statements of the Abbeville Harbor and Terminal District for the years ended December 31, 2011 and 2010. Please read it in conjunction with the District's financial statements, which begin on page 7.

### **FINANCIAL HIGHLIGHTS**

The assets of the Abbeville Harbor and Terminal District exceeded its liabilities as of December 31, 2011 by approximately \$7 million (net assets).

The Port of Vermilion activities have increased with the addition of Cajun Maritime, a major marine Contractor. Expansion of available facilities at the Port of Vermilion remains a priority, although the cost of Bulkheading remains an obstacle along with the availability of State Capital Outlay Funds.

The District continues to pursue available funds for Port Development from State and Federal sources, for which local matching funds are required, as they become available. This is important as The Port of Vermilion is a major industrial site in Vermilion Parish. Emergency dredging of the North Slip was required for access for the USCG Cutter Pelican berthing, and entrance access at the Vermilion River.

The District, as the sponsor for the improvements to the Abbeville By-Pass Boat Launch, has completed the improvements for enhanced recreational user access. This was done in cooperation with our partners, The Vermilion Parish Police Jury, The City of Abbeville, The Louisiana Department of Transportation and Development, and Louisiana Department of Wildlife and Fisheries. These improvements are situated on Louisiana Department of Transportation Property which has an ongoing maintenance agreement with the City of Abbeville for The By-Pass Boat Launch. This was made possible through a Federal Wallop-Breaux Boating Access grant and local matching funds pursued by the Abbeville Harbor and Terminal District. In addition a Pavilion was added to the District's Intracoastal City Public Boat Launch for events held at that facility.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Abbeville Harbor and Terminal District's basic financial statements. The District is a special-purpose government engaged only in business-type activities.

The basic financial statements report information about the District using full accrual accounting methods as utilized by similar business activities in the private sector. The financial statements include a statement of net assets, a statement of revenues, expenses, and changes in net assets and a statement of cash flows.

The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of revenues, expenses, and changes in net assets presents information showing how the District's net assets changed during the year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The statement of cash flows presents changes in cash and cash equivalents from operational, financing, and investing activities. This statement presents cash receipt and disbursement information without consideration of the earnings event, when obligations arise, or depreciation of capital assets.

The basic financial statements can be found on pages 8-10 of this report.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found on pages 11-18 of this report. You should read the notes before making assumptions or drawing conclusions about the District's financial condition.

## FINANCIAL ANALYSIS OF THE DISTRICT

The following table presents the condensed statement of net assets as of December 31, 2011, 2010 and 2009:

	2011	2010	2009
Current assets	\$ 2,047,559	\$ 1,886,070	\$ 1,423,392
Capital assets	<u>5,254,011</u>	<u>5,258,258</u>	<u>5,557,753</u>
Total assets	<u>7,301,570</u>	<u>7,144,328</u>	<u>6,981,145</u>
Current liabilities	<u>87,088</u>	<u>25,412</u>	<u>41,868</u>
Net assets:			
Invested in capital assets, net of related debt	5,254,011	5,258,258	5,557,753
Reserved for maintenance and dredging	150,000	-	-
Unrestricted	<u>1,810,471</u>	<u>1,860,658</u>	<u>1,381,524</u>
Total net assets	<u>\$ 7,214,482</u>	<u>\$ 7,118,916</u>	<u>\$ 6,939,277</u>

As of December 31, 2011, the largest portion of the District's net assets reflects its investment in capital assets net of depreciation (\$5.3 million) consisting of land, buildings, improvements and equipment. These assets are not available for future spending. At December 31, 2011 there was no debt related to any of the capital assets.

As of December 31, 2011, the District has \$150,000 reserved for future maintenance and dredging. The \$1.81 million in unrestricted net assets may be used to meet the District's ongoing operations.

The following table shows condensed revenue and expense data for the years ended December 31, 2011, 2010 and 2009:

	2011	2010	2009
Operating revenues	\$ 467,368	\$ 435,022	\$ 403,592
Operating expenses	<u>1,037,695</u>	<u>799,517</u>	<u>1,141,074</u>
Operating loss	(570,327)	(364,495)	(737,482)
Net nonoperating revenues	<u>481,143</u>	<u>534,894</u>	<u>685,399</u>
Net income (loss) before contributions	(89,184)	170,399	(52,083)
Capital contributions	<u>184,750</u>	<u>9,240</u>	<u>156,997</u>
Change in net assets	95,566	179,639	104,914
Net assets, beginning of year	<u>7,118,916</u>	<u>6,939,277</u>	<u>6,834,363</u>
Net assets, end of year	<u>\$ 7,214,482</u>	<u>\$ 7,118,916</u>	<u>\$ 6,939,277</u>

The District generates the majority of its revenue through the leasing of various lots at the Port of Vermilion. Leasing income for the year ended December 31, 2011 was \$403,581 compared to leasing income for the year ended December 31, 2010 of \$374,240. The District also generates revenue through rental income earned by renting unused office space at the District's administrative office building. Rental income was \$48,415 for the year ended December 31, 2011 and \$47,913 for the year ended December 31, 2010.

The District's net assets increased \$95,566 for the year ended December 31, 2011.

### **CAPITAL AND DEBT ADMINISTRATION**

**Capital assets.** The Abbeville Harbor and Terminal District's capital assets as of December 31, 2011 were \$5.3 million (net of accumulated depreciation). These balances include land, buildings, improvements and equipment.

Major capital assets include the following:

#### Abbeville Harbor and Terminal District Fixed Assets as of December 31, 2011, 2010 and 2009

	2011	2010	2009
Land	\$ 930,000	\$ 930,000	\$ 930,000
Land improvements	5,129,636	5,129,636	5,129,636
Bulkhead	6,272,721	6,272,721	6,272,721
Furniture and equipment	58,747	58,747	58,747
F.W. By Pass	253,486	253,486	253,486
Building and improvements	1,358,878	1,128,878	1,128,878
Boat Launch	567,455	567,455	567,455
Port improvements	98,859	98,859	98,859
Construction in progress	69,904	-	-
Accumulated depreciation	(9,485,675)	(9,181,524)	(8,882,029)
	<u>\$ 5,254,011</u>	<u>\$ 5,258,258</u>	<u>\$ 5,557,753</u>

**Long-term debt.** As of December 31, 2011, 2010 and 2009, the District had no long-term debt.

## **REPORTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Abbeville Harbor and Terminal District's finances. Questions concerning this report or requests for additional information should be addressed to Mr. Jay Campbell, Executive Director, Abbeville Harbor and Terminal District, 124 North Street, Abbeville, LA 70510.



## **FINANCIAL SECTION**

ABBEVILLE HARBOR AND TERMINAL DISTRICT  
Abbeville, Louisiana

Statements of Net Assets  
December 31, 2011 and 2010

	2011	2010
<b>ASSETS</b>		
Cash	\$ 5,584	\$ 5,584
Interest-bearing deposits	1,440,822	1,400,622
Receivables:		
Ad valorem taxes	444,294	444,280
Other	122,815	3,242
Prepaid insurance	33,039	31,337
Other	<u>1,005</u>	<u>1,005</u>
Total Current Assets	<u>2,047,559</u>	<u>1,886,070</u>
Fixed Assets		
Property, plant and equipment	14,739,686	14,439,782
Less accumulated depreciation	<u>(9,485,675)</u>	<u>(9,181,524)</u>
	<u>5,254,011</u>	<u>5,258,258</u>
Total Assets	<u>7,301,570</u>	<u>7,144,328</u>
<b>LIABILITIES</b>		
Accounts payable	81,555	23,737
Paryoll taxes payable	3,774	-
Deferred income	<u>1,759</u>	<u>1,675</u>
Total Liabilities	<u>87,088</u>	<u>25,412</u>
<b>NET ASSETS</b>		
Invested in Capital Assets, net of debt	5,254,011	5,258,258
Reserved for maintenance and dredging	150,000	-
Unrestricted	<u>1,810,471</u>	<u>1,860,658</u>
Total Net Assets	<u>\$ 7,214,482</u>	<u>\$ 7,118,916</u>

The accompanying notes are an integral part of this statement.

ABBEVILLE HARBOR AND TERMINAL DISTRICT  
Abbeville, Louisiana

Statements of Revenues, Expenses and Changes in Net Assets  
Years Ended December 31, 2011 and 2010

	2011	2010
<b>OPERATING REVENUES:</b>		
Leases and fees	\$ 467,368	\$ 435,022
<b>OPERATING EXPENSES:</b>		
Board meetings	3,277	3,180
Depreciation	304,151	299,495
Dues and subscriptions	3,653	3,663
Employee retirement	14,207	14,072
Insurance	81,164	84,176
Janitorial	9,323	9,737
Land lease	9,000	9,000
Miscellaneous	16,597	13,564
Office equipment	324	445
Office supplies	6,803	6,613
Pension	14,044	14,812
Postage	647	583
Professional fees	25,376	20,300
Rent	2,040	2,040
Repairs and maintenance	368,844	141,720
Salaries	142,067	140,718
Payroll taxes	10,885	10,790
Telephone	7,980	7,421
Utilities	17,315	17,188
Total operating expenses	1,037,697	799,517
Operating loss	(570,329)	(364,495)
<b>NON-OPERATING REVENUES (EXPENSES):</b>		
Ad valorem taxes	442,452	490,356
State revenue sharing	31,690	31,566
Interest income	3,340	2,899
Miscellaneous income	3,661	3,914
FEMA reimbursements	-	6,159
Total non-operating revenues	481,143	534,894
Net income (loss) before contributions	(89,186)	170,399
<b>CAPITAL CONTRIBUTIONS:</b>		
State of Louisiana	184,752	9,240
	184,752	9,240
Change in net assets	95,566	179,639
Total net assets, beginning of year	7,118,916	6,939,277
Total net assets, end of year	\$ 7,214,482	\$ 7,118,916

The accompanying notes are an integral part of this statement.

ABBEVILLE HARBOR AND TERMINAL DISTRICT  
Abbeville, Louisiana  
Statements of Cash Flows  
Years Ended December 31, 2011 and 2010

	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ 347,879	\$ 438,364
Payments to suppliers	(496,227)	(414,245)
Payments to employees and related benefits	(177,429)	(165,580)
Net cash used by operating activities	<u>(325,777)</u>	<u>(141,461)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Ad valorem taxes	442,438	490,356
State revenue sharing	31,690	31,566
FEMA reimbursements	-	6,159
Other income	3,661	3,914
Net cash provided by noncapital financing activities	<u>477,789</u>	<u>531,995</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
State grant proceeds	-	9,240
Purchase of capital assets	(299,904)	-
Net cash used by capital and related financing activities	<u>(299,904)</u>	<u>9,240</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
State grant proceeds	184,752	-
Interest received on interest bearing deposits	3,340	2,899
Net cash used by investing activities	<u>188,092</u>	<u>2,899</u>
 Net increase in cash and cash equivalents	 40,200	 402,673
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>1,406,206</u>	<u>1,003,533</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 1,446,406</u></u>	<u><u>\$ 1,406,206</u></u>
 Reconciliation of Operating Loss to Net Cash Used by Operating Activities:		
Operating loss	\$ (570,329)	\$ (364,495)
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation	304,151	299,495
Increase (decrease) in accounts receivable	(119,587)	(64,369)
Increase (decrease) in prepaid expenses	(1,702)	4,364
Increase (decrease) in accrued liabilities	3,858	-
Increase (decrease) in accounts payable	<u>57,818</u>	<u>(16,456)</u>
Net cash used by operating activities	<u><u>\$ (325,791)</u></u>	<u><u>\$ (141,461)</u></u>

The accompanying notes are an integral part of this statement.

ABBEVILLE HARBOR AND TERMINAL DISTRICT  
Abbeville, Louisiana

Notes to Financial Statements

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Abbeville Harbor and Terminal District (District) is a political subdivision of the State of Louisiana created under Louisiana Revised Statute 34:333. The District is governed by a Board of Commissioners which consists of six members who serve without compensation. Three of the members are appointed by the City of Abbeville and three members are appointed by the Vermilion Parish Police Jury. The Board is responsible for the regulation of commerce and traffic within the harbor and terminal district.

The operations of the District, which oversee the Port of Vermilion, are managed through an executive director who also services as port director. The Port is located along the Vermilion River in Vermilion Parish and contains 100 acres of land consisting of various sites available for leasing.

The accounting and reporting policies of the Abbeville Harbor and Terminal District have been prepared in conformity with generally accepted accounting principles as applied to governmental units. Such accounting and reporting procedures also conform to the guides set forth in the industry audit guide, *Audits of State and Local Governmental Units* and the *Louisiana Governmental Audit Guide*. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing accounting and financial reporting principles. The more significant of the District's accounting policies are described below:

Financial Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Abbeville Harbor and Terminal District. There are no component units of the Abbeville Harbor and Terminal District.

Fund Accounting

The Abbeville Harbor and Terminal District is organized and operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, fund equity, revenues and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis is to be financed or recovered primarily through user charges.

Proprietary funds are reported in accordance with the GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and other Governmental Entities that use Proprietary Fund Accounting. This standard requires that all applicable GASB pronouncements, Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) issued on or before November 30, 1989 be applied to proprietary activities unless they (FASB Statements and Interpretations, ARB Opinions, and ARBs) conflict with or contradict GASB pronouncements.

ABBEVILLE HARBOR AND TERMINAL DISTRICT  
Abbeville, Louisiana

Notes to Financial Statements

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 20 also states that for proprietary activities management may elect to apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. Proprietary activities under control of the City will not elect to apply FASB Statements and Interpretations issued after November 30, 1989, unless they adopted by GASB.

Basis of Accounting

The District has implemented GASB Statement No. 34 *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. The accounting financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet.

Enterprise funds use the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. The District’s Enterprise fund uses the following practices in recording certain revenues and expenses:

Revenues: Lease rentals are recorded when earned. Ad valorem taxes and state revenue sharing are recorded in the year the taxes are due and payable. Interest income is recorded when earned. All other revenues are recorded when earned.

Expenses: Expenditures are recorded in the period that the liabilities are incurred.

Encumbrance Accounting

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not employed by the District.

Cash and Interest-Bearing Deposits

Cash represents non interest-bearing demand deposits.

Interest-bearing deposits include interest-bearing demand deposits and short-term time deposits. These interest-bearing deposits are stated at cost which approximates market.

Under state law, the District may deposit funds with a fiscal bank organized under the laws of the State of Louisiana, the laws of any other state in the union or the laws of the United States. Further, the District may invest in time deposits or certificates-of-deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

ABBEVILLE HARBOR AND TERMINAL DISTRICT  
Abbeville, Louisiana

Notes to Financial Statements

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For the purpose of the statement of cash flows, the District considers only interest-bearing deposits with an initial maturity date of 90 days or less and all non-interest-bearing demand deposits to be cash and cash equivalents.

Fixed Assets

Fixed assets used in the proprietary fund type operations are valued at historical costs. Depreciation of all exhaustible fixed assets used by the proprietary fund type operations is charged as an expense against operations. Fixed assets on the balance sheet are net of accumulated depreciation. Depreciation is computed using the straight-line method based on the estimated useful lives of the various assets as follows:

Machinery and Equipment	5 years
Buildings	30 years
Improvements	20-30 years

Deferred Revenue

Revenues collected during the year that are not earned during the operations of the current period are reported as deferred revenues and are recognized as operating revenues in a subsequent period.

Compensated Absences

The District has two full-time employees, but has not adopted a formal policy on vacation and sick leave. Annual vacation and sick leave are granted at the discretion of the Board.

Due to uncertainty of actual amounts, which will be paid for vacation and sick leave, no accruals have been made at December 31, 2011 and 2010 for such absences.

Fund Equity

Restrictions represent those portions of fund equity not appropriable for general expenditures and are legally segregated for specific future use.

Capitalization of Interest Expense

It is the policy of the Abbeville Harbor and Terminal District to capitalize material amounts of interest resulting from borrowings in the course of the construction of fixed assets. There was no interest capitalized during the years ended December 31, 2011 and 2010.

ABBEVILLE HARBOR AND TERMINAL DISTRICT  
Abbeville, Louisiana

Notes to Financial Statements

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

In May 2009, the FASB issued SFAS No. 165, Subsequent Events (ASC 855) which establishes general standards for accounting for and disclosures of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. We have evaluated events subsequent to the balance sheet through June 15, 2012, the date the financial statements were available to be issued.

NOTE 2 AD VALOREM TAXES

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. These taxes are assessed on a calendar year basis, become due on November 15 of each year and become delinquent on December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year. During the years ended December 31, 2011 and 2010 the District was authorized, and levied, a 2.98 mill ad valorem tax.

NOTE 3 CASH AND INTEREST-BEARING DEPOSITS

As reflected, the Abbeville Harbor and Terminal District has cash and interest-bearing deposits (book balances) as follows:

	<u>2011</u>	<u>2010</u>
Demand deposits	\$ 5,584	\$ 5,584
Interest-bearing deposits	1,440,822	1,400,622
Totals	<u>\$ 1,446,406</u>	<u>\$ 1,406,206</u>



ABBEVILLE HARBOR AND TERMINAL DISTRICT  
Abbeville, Louisiana

Notes to Financial Statements

NOTE 3 CASH AND INTEREST-BEARING DEPOSITS (Continued)

These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) are secured as follows:

	2011	2010
Bank balances	\$ 1,446,406	\$ 1,431,494
Federal deposit insurance	<u>406,679</u>	<u>405,526</u>
Balance uninsured	1,039,727	1,025,968
Pledged securities (category 3)	<u>1,233,758</u>	<u>1,130,050</u>
Excess FDIC insurance and pledged securities over cash and investments	<u>\$ 194,031</u>	<u>\$ 104,082</u>

Pledged securities in Category 3 includes uninsured or unregistered investments for which the securities are held by the pledging institution, or by its trust department or agent, but not in the District's name. Even though the pledged securities are considered uncollateralized (Category 3) Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

At December 31, 2011, interest-bearing deposits consisted of the following:

	Term	Maturity Date	Interest Rate	Amount
Public Funds Account	N/A	N/A	Various	\$ 363,655
Now Account	N/A	N/A	Various	920,338
Boat Launch Operating Account	N/A	N/A	Various	150
Certificate of Deposit	180 days	1/25/2012	0.20%	<u>156,679</u>
Total				<u>\$ 1,440,822</u>

ABBEVILLE HARBOR AND TERMINAL DISTRICT  
Abbeville, Louisiana

Notes to Financial Statements

NOTE 4 PROPERTY PLANT AND EQUIPMENT

A summary of changes in the proprietary fund type property, plant and equipment is as follows:

	Balance December 31, 2010	Additions	Deductions	Balance December 31, 2011
Land	\$ 930,000	\$ -	\$ -	\$ 930,000
Land improvements	5,129,636	-	-	5,129,636
Bulkhead	6,272,721	-	-	6,272,721
Furniture and equipment	58,748	-	-	58,748
F.W. By Pass	253,486	-	-	253,486
Building and improvements	1,128,878	230,000	-	1,358,878
Boat Launch	567,455	-	-	567,455
Construction in progress	-	69,904	-	69,904
Port improvements	98,859	-	-	98,859
	14,439,783	299,904	-	14,739,687
Accumulated depreciation	(9,181,525)	-	304,151	(9,485,676)
Net property, plant and equipment	<u>\$ 5,258,258</u>	<u>\$ 299,904</u>	<u>\$ 304,151</u>	<u>\$ 5,254,011</u>

NOTE 5 LEASE OF LAND BY DISTRICT

The District is presently leasing five acres of land from Weill Enterprises for a primary period of ten years with the option of renewing the lease for an additional eight successive terms of five years each immediately following the primary term. The current lease has been extended to 2013.

The minimum annual commitments under this lease are as follows:

2012	8,640
2013	8,640
	<u>\$ 17,280</u>

NOTE 6 LEASE OF LAND AND FACILITIES TO OTHERS

The minimum future rental on noncancelable operating leases of land and facilities to others at the Port of Vermilion are as follows:

2012	\$ 404,967
2013	327,853
2014	231,896
2015	197,242
2016	85,689
Thereafter	<u>151,289</u>
Total	<u>\$ 1,398,936</u>

ABBEVILLE HARBOR AND TERMINAL DISTRICT  
Abbeville, Louisiana

Notes to Financial Statements

NOTE 6 LEASE OF LAND AND FACILITIES TO OTHERS (Continued)

The minimum future rental on noncancelable operating leases of office space at the District Office Building are as follows:

2012	\$ 34,403
2013	34,403
2014	24,593
2015	<u>12,297</u>
Total	<u>\$ 105,696</u>

Although the District anticipates all leases will be renewed, the above figures do not reflect the various renewal options provided to the lessees in lease agreements.

NOTE 7 RETIREMENT COMMITMENTS

All employees of the District hired on a permanent basis and not participating in another public funded retirement system are required to participate in the Louisiana State Employees Retirement System. The District participates in the Parochial Employees' Retirement System of Louisiana.

State statute requires covered employees to contribute 3.00 percent of their salaries to the System. The System requires an employer's contribution for the year ended December 31, 2011 to be equal to 10% of each member's salary for wages paid to members. The District's contribution to the System for the years ended December 31, 2011, 2010 and 2009 were \$14,207, \$14,072, and \$8,426 respectively, equal to the required contribution for the year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Parochial Employees Retirement System of Louisiana, P.O. Box 14619, Baton Rouge, Louisiana 70898-4619, (225)928-1361.

NOTE 8 POST EMPLOYMENT BENEFITS

The District does not provide any post retirement healthcare or life insurance benefits.

NOTE 9 LITIGATION

There is no litigation pending against the District at December 31, 2011 and 2010.

NOTE 10 COMPENSATION PAID TO MEMBERS OF THE BOARD OF COMMISSIONERS

The commissioners of the District did not receive any compensation.

ABBEVILLE HARBOR AND TERMINAL DISTRICT  
Abbeville, Louisiana

Notes to Financial Statements

NOTE 11 COOPERATIVE AGREEMENT

The District entered into a cooperative agreement with the Vermilion Parish Sheriff Department for water patrol within the District. The District purchased a boat; however, the boat is titled to the Sheriff's Department for liability purposes and the boat will revert back to the District if either the District or the Sheriff does not renew the cooperative agreement. The Sheriff will obtain all licenses for the boat and provide and document regular maintenance of the boat. The District also provides the quarters above the boat house at the Intracoastal Launch for use as a Sheriff's substation. The cooperative agreement is renewed every four years when the Sheriff begins his/her new term of office.

**INTERNAL CONTROL, COMPLIANCE  
AND  
OTHER GRANT INFORMATION**



Independent Auditor's  
Report on Internal Control over Financial  
Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards*

Board of Commissioners  
Abbeville Harbor and Terminal District  
Abbeville, Louisiana

We have audited the financial statements of the business-type activities of the Abbeville Harbor and Terminal District as of and for the year ended December 31, 2011 which collectively comprise the District's basic financial statements and have issued our report thereon dated June 17, 2012. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Abbeville Harbor and Terminal District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Abbeville Harbor and Terminal District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Abbeville Harbor and Terminal District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Eugene H. Darnall, CPA, Deceased 2009

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Danny P. Frederick, CPA  
Clayton E. Darnall, CPA, CVA  
Eugene H. Darnall, III, CPA  
Stephanie M. Higginbotham, CPA  
John P. Armato, CPA/PFS  
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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did note a certain matter that we consider to be a control deficiency and a material weakness and is described in the accompanying schedule of findings and questioned costs as item 11-1.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Abbeville Harbor and Terminal District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the Board of Commissioners, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Dannall, Sikes, Gardes & Frederick*

A Corporation of Certified Public Accountants

Abbeville, Louisiana  
June 15, 2012

ABBEVILLE HARBOR AND TERMINAL DISTRICT  
Abbeville, Louisiana

Schedule of Findings and Questioned Costs  
Year Ended December 31, 2011

SECTION 1 SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Auditor's Report

An unqualified opinion has been issued on the Abbeville Harbor and Terminal District's financial statements as of and for the year ended December 31, 2011.

Material Weakness and Significant Deficiencies – Financial Reporting

Significant deficiencies in internal control over financial reporting was disclosed during the audit of the financial statements and is shown as item 11-1 in Section 2, and is considered a material weakness.

Material Noncompliance – Financial Reporting

No instance of noncompliance material to the financial statements was noted during the audit of the financial statements.

FEDERAL AWARDS

Major Program Identification

This section is not applicable for the year ended December 31, 2011.

SECTION 2 FINDINGS RELATING TO THE AUDIT IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

11-1 Segregation of Duties

Finding: Due to the small number of personnel, the Abbeville Harbor and Terminal District did not have adequate segregation of duties within the accounting department.

Recommendation: Based on the size of the operation and the cost benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

SECTION 3 FINDINGS AND QUESTIONED COSTS RELATING TO FEDERAL PROGRAMS

At December 31, 2011, the Abbeville Harbor and Terminal District did not meet the requirements to have a single audit in accordance with OMB Circular A-133; therefore, this section is not applicable.



ABBEVILLE HARBOR AND TERMINAL DISTRICT  
Abbeville, Louisiana

Schedule of Prior Year Findings  
Year Ended December 31, 2011

10-1 Findings: Segregation of Duties

Status: This finding is unresolved. See current year finding 11-1.

ABBEVILLE HARBOR AND TERMINAL DISTRICT  
Abbeville, Louisiana

Corrective Action Plan  
Year Ended December 31, 2011

Response to findings:

11-1 Segregation of Duties

Based on the size of the operation and the cost-benefit of additional personnel, it is not feasible to achieve complete segregation of duties.